NOMINATION OF RITA M. RODRIGUEZ

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

THE NOMINATION OF

RITA M. RODRIGUEZ TO BE A DIRECTOR OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

SEPTEMBER 29, 1982

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NOMINATION OF RITA M. RODRIGUEZ

WEDNESDAY, SEPTEMBER 29, 1982

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, D.C.

The committee met at 10 a.m. in room 5302, Dirksen Senate Office Building; Senator Jake Garn, chairman of the committee, presiding.

Present: Senators Garn and Dixon.

OPENING STATEMENT OF CHAIRMAN GARN

The CHAIRMAN. The Banking Committee will come to order.

Today the committee is conducting a hearing on the nomination of Rita Rodriguez to be a member of the Board of Directors of the Export-Import Bank. This is an important time for the Bank, and early indications are that Mrs. Rodriguez is highly qualified to meet the Bank's challenges.

Our merchandise trade deficit is very deep and getting worse. Particularly hard hit are our capital goods exports, the main area of Eximbank financing. Despite very significant improvements in the international arrangement on official export credits, the competition in export financing remains very stiff.

The news accounts of this week have been confirming what I predicted at the start of the Mitterand government, that France would try to relieve the pressure from failed economic policies by increasing its own exports at the expense of its trading partners. Neither do I see any letup in export competition from the British, the West Germans, or the Japanese. Without a strong Eximbank we will be left defenseless against foreign predatory trade practices. Everyone else will get the export business and we'll get the unemployment.

Soon the Bank will be announcing a more than $100 million loss for the 1982 fiscal year. Two weeks ago, on the other hand, Bank Chairman William Draper reported the Bank failed to use nearly $1 billion of its direct lending authority at the same time that Under Secretary of Commerce for International Trade, Lionel Olmer testified that well over $1 billion of U.S. export sales were lost through Eximbank's restrictive policies.

In summary, this is no time to be without a full Eximbank Board. So I welcome your nomination. You are up for a difficult job. But as I mentioned, your background shows that you are highly qualified for the position.

I might add that the Bank needs dedicated members on its Board who are as sensitive to the needs of exporters and their own responsibilities under the Eximbank charter as they are knowledgeable about the ins and outs of export financing. I have faith in the competitiveness of the American business system, but it is the role of the Exim-

bank to provide that extra help when foreign governments put a horseshoe in the boxing glove of their export companies.

I think you are probably well aware that both Senator Heinz and I, as well as others on this committee, have been very, very critical through both the Carter and so far the Reagan administration, and I regret that because I doubt if there is anybody in the Senate who is more supportive of the President generally than I am. But I frankly don't understand the philosophy at all that has been going on at the Bank. I had fights for 2 or 3 years as a member of the Foreign Operations Subcommittee of Appropriations trying to convince the Carter administration that they were underfunding the Bank and therefore creating unemployment, lack of sales within this country, and unfortunately those policies have continued and I certainly hope that in some way we can convince this administration and the Bank Board the importance of not losing those sales to subsidized loans, particularly from France and other governments as well.

So we welcome you here this morning, and I would like to turn now to Senator Dixon to introduce you.

OPENING STATEMENT OF SENATOR DIXON

Senator DIXON. Thank you, Mr. Chairman.

Mr. Chairman, it is my pleasure this morning to introduce to you and to the committee Rita M. Rodriguez, who has been nominated as a Director of the Export-Import Bank.

Since 1978 Rita Rodriguez has been a professor of finance from the faculty of the University of Illinois at Chicago. I believe she brings with her a wealth of qualifications to serve on the Eximbank Board.

Her academic training has been in the areas of international finance and economics. She is the author of a leading textbook in the field of international financial management and has extensive experience as a consultant to financial institutions, corporations, governments, and international agencies.

Mr. Chairman, I don't have to tell you how important export markets are to American business or how important it is that the level of exports increases. We need a strong Export-Import Bank to help achieve that, and we need capable people managing the Export-Import Bank.

Mr. Chairman, I think Rita Rodriguez is such a person, and it is my personal pleasure to be able to present her to you and this committee this morning.

The CHAIRMAN. Thank you very much Senator Dixon. Since Senator Heinz is unable to be here, we'll insert his statement in the record at this point as though read.

OPENING STATEMENT OF SENATOR HEINZ

Mr. Chairman, thank you for holding this hearing, giving us another opportunity to discuss the importance of the Export-Import Bank prior to the end of the regular session of Congress.

As you know, just 2 weeks ago we held hearings on the Eximbank within the Subcommittee on International Finance and Monetary

Policy. We both had the opportunity to hear testimony from witness after witness emphasizing the important role of the Eximbank and detailing how the Bank failed to fulfill that role this past fiscal year.

The Export-Import Bank began fiscal year 1982 with uncompetitive terms in its direct loan programs. The percentage of participation in loans which the Bank offered to cover was inadequate, and the effective interest rates were hundreds of basis points above the rates offered by the official credit agencies of our major trade competitors. During the hearings we received testimony indicating billions of dollars of exports lost as a result of the Bank's restrictive policies. This Senator, along with you, Mr. Chairman, seriously questioned the wisdom of the Bank's restrictive policies. Congress made clear its directive for competitive financing, but the Bank seemed to be marching to a different drummer.

Yet few predicted that the Bank would be as far behind in its direct credit support for U.S. exporters as it currently is. Nearly $1 billion of direct credit authority will not have been used when the fiscal year expires this week. As I concluded during the subcommittee hearings, this billion dollar waste in a time of heightened need for export credits suggests a deliberate policy of idleness in a time of emergency—the modern equivalent of fiddling while Rome burns.

The great necessity for Eximbank support is made abundantly clear in light of the testimony that we received about such corporations as Bechtel, Caterpillar, and others, placing their export orders through their foreign offices, because international competition makes it impossible for them to operate successfully from the United States without an aggressive Eximbank.

The Export-Import Bank is an independent agency of the U.S. Government. As such, it is responsible to the Congress, which granted it its charter and authorizes the level of its various export support programs. When the Congress makes a determination that a certain level of direct loan authority will be needed by American exporters in a given fiscal year, I do not see any latitude for an official at the Eximbank or down at the Office of Management and Budget to subsequently formulate policies that result in frustrating the earlier intent of the Congress, particularly when the consequences in terms of jobs lost, business foregone, and production transferred overseas, are so severe.

I hope that the hearing today will show that the nominee before us will bring the kind of attitudes and policies to the Eximbank that will allow the Bank to fulfill a powerful role in assuring our success in the fierce global competition for export markets, a competition that holds our economic and strategic national welfare in the balance.

The CHAIRMAN. Thank you very much, Senator. And now Ms. Rodriguez, can I have you stand and be sworn before you testify?

[Witness sworn.]

The CHAIRMAN. Do you have an opening statement you wish to make?

Ms. RODRIGUEZ. I consider it a very high honor to be sitting here this morning as the Presidential appointee for the Bank, and if confirmed I am sure I will serve this country, this adopted country of mine, well.

At this point I will do something which is very rare for a professor. I will stop talking and welcome your questions.

The CHAIRMAN. Oh, I'm sure it's a high honor to be appointed by the President; I'm not sure it's such an honor to appear before Congress. [Laughter.]

I understand that you and your husband will place your marketable securities in a qualified blind trust, with one exception; is that correct?

Ms. RODRIGUEZ. I have not heard about a blind trust.

The CHAIRMAN. Well, normally that is the requirement with the Presidential office. We can follow up with you on that. Usually that is the advice with most nominees. But we will check that out with you.

Will you be willing to appear before this committee and other committees of Congress when requested?

Ms. RODRIGUEZ. Yes.

The CHAIRMAN. And will you avoid not only a conflict of interest, but the appearance of a conflict of interest in your service as a Director of the Export-Import Bank.

Ms. RODRIGUEZ. Yes, sir.

The CHAIRMAN. Will you refrain from participating in any discussions involving any investment which you or your husband individually or jointly own which could cause a conflict or appearance of conflict of interest?

Ms. RODRIGUEZ. Yes.

The CHAIRMAN. Our major trade competitors are under the impression that it is the intention of the United States to gradually dismantle the Eximbank. They are looking at actions as well as the statements of high government officials regarding the Bank. What kind of policies would you suggest to disabuse our trade competitors of that idea?

Ms. RODRIGUEZ. Changing the competitors' idea, in my mind, is a question that would depend more on negotiating strategy than on economics. Certainly it is also based on economics, but the final decision of what is the best strategy to use to convey the information that we mean business and we are going to meet the competition I think depends on what is the negotiating stand of the other party. I have not had any personal contact with people negotiating with these other countries, and I would rather not comment on what would be the optimum strategy at this point to pursue that objective.

The CHAIRMAN. Do you feel it is sending a proper signal for the Bank to have $1 billion of unused credits last year? Do you think that helps solve the problem that they think we are really not going to be competitive with them and they can just continue to have predatory pricing and interest rates?

Ms. RODRIGUEZ. At the superficial level that certainly sends the wrong signal. I hope that they understand what caused that excess of unutilized funds. It is my understanding that it was heavily affected by one particular project this year. That's what I have been told. It was a large project that fell through at the last minute, and I understand it is very difficult to take this into account in the budgetary procedure, particularly when there is a nuclear project involved. Whether it is going to happen or not, whether they are going to use the funds or not, I hope the counterpart agencies understand

the cause of that shortfall. Certainly we should make sure that it is made as clear as possible.

The CHAIRMAN. Well, that is the explanation given by the Bank. I guess beyond that billion dollars though is the whole attitude for several years, as I mentioned in my opening remarks, that we are continuing to have a fight between two administrations and the Congress over the level of funding, and it has been rather dramatically cut back from previous levels at the very time when we just read yesterday or the day before that our trade deficit has hit an all-time high. I just fail to understand that.

What would be your attitude if Congress appropriates more money in direct loan authority for the Bank than OMB wants? What would your feeling be? Would you attempt to implement that program if we do approve more than the administration wants?

Ms. RODRIGUEZ. I think once the budget is approved by Congress and signed into law by the President, that's the number, and at that point there isn't any room for any disagreement with OMB or Congress. The final budget number is a matter between the President and Congress, and if Congress prevails over the President to increase that amount, that's the number.

The CHAIRMAN. Whatever the level is, you will do everything you can to see that it is utilized and that we don't have a $1 billion gap from what I consider an already low level in another fiscal year as we have had this year.

Ms. RODRIGUEZ. If it is technically possible, certainly the Directors should see that those funds are used.

The CHAIRMAN. To what extent will your experience and knowledge of foreign exchange markets help you to implement the Bank's new policy to offer yen-dominated loans?

Ms. RODRIGUEZ. I think that the strength of my knowledge of foreign exchange markets and foreign exchange management will help in looking at possible ways of packaging the direct loan financing, maybe to be directly competitive in the currency area with what other suppliers are offering.

When I first started reading about the Eximbank I thought it appalling that everybody talked only about interest rates and currency was not mentioned. I think there has been a movement away from that monolithic interest in interest rates, partially forced by competition. I think that's the right movement, and I think one of my contributions certainly could be helping to package direct loans which do take the currency risk into consideration as much as possible to meet the desires of the buyer without absorbing undue risk for the institution.

The CHAIRMAN. I think one of your great assets to be added to the Board, which has not been present, is the fact that you do have a lot of experience in foreign exchange. I said yen-dominated. I guess that was a Freudian slip. I'm so used to seeing Japanese cars on the road. I meant to say denominated, but either one is probably correct. The yen is rather dominating us right now.

What kind of policies would you support in order to strengthen the hand of our negotiators in the next round of credit talks at the OECD?

Ms. RODRIGUEZ. To answer that question I would really like to know more about the negotiating stand of the opposition. I think a large

part of the negotiating posture of the Eximbank depends on understanding where the other side of the table is. If they are really trying to get out of the position into which they worked themselves, that might suggest one strategy. On the other hand, if they are digging in their heels, then an expert, right or wrong, might suggest another posture. I have not had any personal contact with the negotiating people of the other countries.

The CHAIRMAN. One of the big questions that has constantly come before this committee and has been asked of every nominee, including Chairman Draper at his nomination hearings at great length, is your understanding of the charter of the Bank. And we've argued over what it says there about providing competitive financing or a loss. I think this committee believes that its first responsibility is to promote competition. How do you read that mandate in the charter of the Bank? What does it say to you?

Ms. RODRIGUEZ. Mr. Chairman, I got so confused by reading that act and alternative interpretations of the act that I finally decided to take it to counsel who is familiar with the Eximbank and get a professional opinion. It's supposed to be independent.

I think the answer, the consensus from the logical point of view, is that the primary concern of Eximbank is to be competitive. However, the term "rate" is included in the act, and certainly from a practical point of view being able to survive is necessary to be able to be competitive. So maybe one way to restate that, almost in economic terms, the objective is to be competitive subject to the constraints that the institution has to pay its way.

The CHAIRMAN. Well, I suppose one of the things that troubles me is the Export-Import Bank until last year has always produced a profit. We finally get into one year and there is a $100 million loss. Do you know that in the Appropriations Committee we round off to the nearest $100 million to meet our 302(b) allocations. And all this big thing over $100 million out of $800 billion. We can give money away to people under the entitlement programs, the fraud and abuse. We can find the welfare queen of Chicago that placed a bet of nearly that much money. We seem to have no problem. Look at the magnitude. Over $12 billion a year for food stamps.

I'm not saying food stamps should be cut out, but I think we all know that there is a lot more than $100 million abuse in food stamps. We can't correct things, but we attack Eximbank. We're going to make sure—my goodness. We want to start looking at subsidies in this Government through the whole spectrum of things, and we're always excited over one little bank. And for the first time a $100 million loss. How many export sales, how many Boeings does it take to sell to produce $100 million worth of tax revenue? Or United Technology stuff, with 25,000 subcontractors and all those jobs.

I mean, I can't believe that Eximbank lost any money last year on what they did. There's obviously got to be a far greater return in tax revenue from those foreign sales of U.S. products than $100 million or $1 billion. I just don't understand.

I've tried over and over again for years to try and understand this attack on the Eximbank, and as a fiscal conservative—I mean, there might be three or four more Senators in the 100 who are as nasty a fiscal conservative as I am. But I also don't understand what the hun-

dred million dollars or couple of hundred million dollars—in other words, I believe that the mandate of the Bank is to try and help sell U.S. products in competition with foreign goods, which keeps jobs here.

Senator DIXON. Mr. Chairman, I regret very much interrupting you, but this is a great day for Illinois. I introduce in a moment Dean Bentley in the Agriculture Committee for an equally important post in this administration. It's a great honor for a freshman Democrat to run between committees advocating the employment of outstanding Illinoisans to important jobs in this administration. But may I simply say that I am privileged to endorse this fine nominee.

The CHAIRMAN. Do you have any questions you would like to ask?

Senator DIXON. I have not, except to say that I congratulate the President and his advisers on selecting such an outstanding person from our State for such an important post. I support the nominee with great enthusiasm, and I beg the indulgence of all while I go along to another committee.

The CHAIRMAN. I'm going to have to find out why a freshman Democrat is getting so many appointees from his State.

Senator DIXON. Mr. Chairman, you know how cooperative I've been to you in this committee; I know you will indulge me with these jobs from time to time for our State. We have a very high unemployment rate and we need these jobs very desperately.

Thank you very much.

The CHAIRMAN. Thank you.

Well, let me assure you that I have no problem with your nomination whatsoever. I think you are an excellent choice. The President could not have found a better person to fill this job.

My quarrel is with the philosophy and the policy that has been going on. A lot of times you can understand differences of opinion. You may not agree, but fine, you understand it. This one I just don't.

I won't go on any longer, because I don't want to get all wound up more than I have. But I really have a hard time understanding why we can so easily subsidize so many segments of our economy. Not just in the entitlements program, but business subsidies. You know the Tax Code. I mean it's rife with them. And this thing of the $100 million. Literally we will round off to the nearest $100 million. That's how we met our 302(b) allocation. We were actually over. "Oh, we can round that."

So here we worry about it. I don't know how many jobs are out there. And yet on the other side of the coin you hear everybody say for every 1-percent decrease in unemployment you save $25 billion in the deficit. So it seems to me we are missing a big area. If we could put more money at the levels that I've tried to get, it might surprise this administration how much that would produce.

So I will keep trying to understand. I doubt that I ever will, and I hope you will be an advocate on the Board for selling U.S. products to foreign governments to help cut that trade deficit and to make certain that we are not losing sales solely because of predatory financing by foreign governments. If they can beat us in fair and free competition, so be it. But I think we will find that there wouldn't be very many airbuses sold in this country without the financing policy and we'd be seeing more Boeings being flown.

I have no more questions for you. Senator Heinz was not able to be here this morning. He will submit some questions to you in writing for your response, and unless you have any other comments to make, we would close the hearing and wholeheartedly recommend—at least I will and I believe the rest of the committee will feel the same—your approval.

I have a note to make a correction on my first conflict of interest statement about the blind trust. Is it a correct understanding that you and your husband will liquidate all of your marketable securities with one exception, rather than a blind trust?

Ms. RODRIGUEZ. We have liquidated or will liquidate a number of securities, and I will not participate in any case involving a security which my husband or I own which may cause a conflict or appearance of conflict of interest.

The CHAIRMAN. So you will liquidate except this one security, this one exception?

Ms. RODRIGUEZ. The ones where it was established there was a conflict.

The CHAIRMAN. Thank you very much. Do you have anything else you would like to add?

Ms. RODRIGUEZ. I just wish to thank you for the opportunity to appear here, particularly in view of your tight schedule in the last week of this Congressional session. Thank you very much.

The CHAIRMAN. Well, I can tell you that the lack of interest in your nomination hearing is good. If there are problems, the press is here, the room is filled, and you have many Senators. Don't have your feelings hurt by such a lack of interest. That is an extremely positive sign that you will be confirmed.

Ms. RODRIGUEZ. Thank you.

The CHAIRMAN. Thank you very much.

[Whereupon at 10.22 a.m. the hearing was adjourned.]

[Biographical material on the nominee and answers to subsequent questions of Senator Heinz follow:]

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Rodriguez (LAST) Rita (FIRST) Maria (OTHER)

Position to which nominated: Director, Export-Import Bank Date of nomination: Sept. 9, 1982

Date of birth: 6 (DAY) Sept. (MONTH) 1942 (YEAR) Place of birth: Arroyo Arenas, LaHabana, Cuba

Marital status: Married Full name of spouse: Ernest Eugene Carter

Name and ages of children: Adela-Marie Rodriguez Carter, 3

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Colegio del Apostolado, Marianao, La Habana, Cuba	1951-60	Bachillerato en Ciencias y Letras	1960
Lindsay-Hopkins Vocational School, Miami	1960-61	Secretarial/ Accounting Cert.	1961
Puerto Rico Jr. College	1961-63	Associate B.A.	1963
University of Puerto Rico	1963-64	B.S.B.A.	1964
New York University	1964-69	M.B.A.	1968
		Ph.D	1969

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1961-64 Phi Zeta Kapa

1961-64 Unendowed Tuition Scholarships from P.R. Junior College and University of Puerto Rico

1963 Gold medal from P.R. Chamber of Commerce

1965 Dorcas E. Campbell Memorial Scholarship
N.Y.U. Unendowed tuition scholarship

1966 Marcus Nadler Fellowship
N.Y.U. Alumnae Club - Scholarship to outstanding woman

1967 American Metal Climax Foundation Fellowship
World Trade Club of N.Y. - Auriema Scholarship

1968 N.Y.U. Alumnae Club - Award to outstanding woman

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
National Audubon Society		
Massachusetts Audubon Society		
Museum of Fine Arts, Boston		
Art Institute of Chicago		
Museum of Natural History, Chicago		
Massachusetts Horticultural Soceity		
American Economic Association		
American Finance Association	Nominating Committee	1980

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

Research Assistant, National Bureau of Economic Research, NY 1965-66

Research Associate, Center for International Studies, New York Univ., New York, 1968-69.

Lecturer in Economics,
New York University, New York, 1968-69.

Assistant/Associate Professor of Business Administration,
Harvard Business School, Boston, Massachusetts, 1969-78.

Professor of Finance
University of Illinois at Chicago, Chicago, Illinois, 1978-date.

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

Consultant to Internal Revenue Service regarding foreign exchange activities and tax evasion by international banks.

Expert testimony presented to U.S. Senate Foreign Relations Committee, Subcommittee on Multinational Corporations.

Discussions with staff, Department of the Treasury, regarding U.S. multinationals' foreign exchange management practices.

Consulting and management development activities with Government of Mexico, Government of Ecuador, and Organization of American States.

Published writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See Schedule 1

Political affiliations and activities: List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Schedule 1

Books Published:

International Financial Management (and accompanying teaching manual) (with E. Eugene Carter). Englewood Cliffs, N.J.: Prentice-Hall, Inc.
First Edition, 1976.
Second Edition, 1979.
Third Edition, forthcoming.

Foreign Exchange and Money Markets, (with Heinz Riehl). New York: McGraw-Hill, Inc., forthcoming.

Foreign Exchange Management in U.S. Multinationals. Lexington, Mass.: D.C. Heath, 1980.

Foreign Exchange Markets: A Guide to Foreign Currency Operations (with Heinz Riehl). New York: McGraw-Hill, Inc. 1977.

Fluctuations in U.S. Imports, 1948-1967: Economic Analysis and Econometric Functions. Unpublished Ph.D. dissertation, New York University.

(Schedule 1 - continued)

Articles Published:

"An Analysis of the Exchange Management Decision in U.S. Multinationals," John S. Oh, editor, Issues in International Finance. Manhattan, Kansas: Kansas State University Press, forthcoming.

"International Capital Budgeting," in Abraham M. George and Ian H. Giddy, editors, The International Finance Handbook, Wiley, New York, 1982, with E. Eugene Carter, forthcoming.

"The Increasing Attraction of the SDR to Business Corporations," Euromoney, December, 1981, pp. 168-179.

"Corporate Exchange Risk Management: Theme and Aberrations," Journal of Finance, May, 1981, pp. 427-439.

Internationalizing The Corporate Finance Course," Journal of Financial Education, Fall, 1980, pp. 3-7, with E. Eugene Carter.

"Measuring and Controlling Multinationals Exchange Risk," Financial Analysts Journal, November-December, 1979, pp. 49-55.

"Currency Risk - How the Fear of Reporting a Loss Distorts Hedging Decisions," Euromoney, September 1979, pp. 98-104.

"Management of Foreign Exchange Risk in U.S. Multinationals," Sloan Management Review, Spring 1978, pp. 31-49. Abstracted in Certified Financial Analysts Digest, Fall 1978.

"Foreign Exchange Exposure: Models or Management" (with E. Eugene Carter), Euromoney, March 1978, pp. 95-111. Abstracted in John Fayerweather, editor, International Executive, Spring/Summer 1978.

"FASB No. 8: What Has It Done For Us?" Financial Analysts Journal, March-April 1977, pp. 40-48.

"A Framework for Managing Working Capital in the Multinational Enterprise" (with E. Eugene Carter), Proceedings, International Working Capital Conference, University of Illinois at Champaign-Urbana, April 7-9, 1976.

"Serving the Market of a Developed Country: Tire Manufacture in Canada" in Robert B. Stobaugh, et al., Nine Investments Abroad and Their Impact at Home: Case Studies on Multinational Enterprises and the U.S. Economy. Division of Research, Harvard Business School, Boston, Mass., 1976.

"Management of Foreign Exchange Risk in the U.S. Multinationals," Journal of Financial and Quantitative Analysis, November 1974, pp. 849-57.

(Schedule 1 - continued)

Articles Published: (continued)

"The Import Decision: A Microeconomic Model of Cyclical Behavior." Unpublished working paper, 1973.

"An Econometric Analysis of Cyclical Behavior of U.S. Imports, 1948-1968." Unpublished working paper, 1973.

"Potential Economic Benefits and Cost of Adjustment in Trade Liberalization" and

"The Effects of Tariff Liberalization on International Trade Flows and the U.S. Payments Balance: An Estimate from a World-Trade Model" (both with Robert G. Hawkins), in Robert G. Hawkins and Ingo Walter, editors, The United States and International Markets. Lexington, Mass.: D.C. Heath, 1972.

Political contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

None

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See Schedule 2

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I retain royalty rights to my books and expect a leave of absence from the University. I will end my consulting arrangements, except for speaking honoraria subject to regulations regarding outside income and the avoidance of conflicts with Export-Import Bank activities.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I expect to return to the University of Illinois at Chicago.

3. Has anybody made you a commitment to a job after you leave government?

See (2).

4. Do you expect to serve the full term for which you have been appointed?

Yes

Schedule 2

Qualifications to serve as member of the board of directors of the Export-Import Bank

As indicated earlier, my academic training has involved international finance and international economics. In addition to the leading textbook in the field and a major monograph, I have written over fifty cases with corporations and published a range of management and academic articles. I have also written a widely used handbook for executives dealing with the foreign exchange market. I have served in consulting and management development activities with financial institutions, corporations, government, and international agencies.

Thus, I bring my training in the fields of international financial markets, money and banking, and international corporate finance; my experience in consulting; and my publishing record to this position. The detailed accounts of these activities are listed elsewhere in this form.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I expect to be paid for a consulting project with the Government of Ecuador which has been completed.

I retain retirement benefits with the State of Illinois and the TIAA-CREF teachers' funds.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

As discussed with the Office of Ethics and a representative of the Senate Committee on Ethics, my husband has agreed to liquidate all but one investment which could have created a conflict of interest as defined by the law and interpretted by several government officials.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

I will not participate in any discussions involving the one remaining portfolio investment noted above. We do not intend to invest in any firms which could create a conflict of interest.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

QUESTIONS FROM SENATOR HEINZ

DR. RODRIGUEZ'S ANSWERS

1. Senator Heinz: Section 2(b)(1)(a) of the Export-Import Bank Act states that "The Export-Import Bank is directed in the exercise of its functions to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters." Do you intend to fully comply with this directive as a member of the Eximbank Board of Directors?

   Dr. Rodriguez: Yes, I intend to comply with this directive. However, I think that each case brought to the Bank should be considered taking into account the specific conditions attending the case. Judgment must be exercised in the detailed application of this directive.

2. Senator Heinz: Some critics of the Bank suggest that it is nothing more than welfare for the few wealthy businesses that have been traditional users of the Bank, such as Boeing, General Electric, Westinghouse. How do you feel about the importance of the Bank and its place in the economy? It it, in your view, welfare for large corporations?

   Dr. Rodriguez: I do not think Eximbank is welfare for large corporations. Eximbank's direct loan program assists our exporters in meeting foreign-subsidized competition. It happens to be that our largest exporters are among our largest companies. However, the companies who receive the bulk of Eximbank's loan support are not the only beneficiaries from this assistance. First, a vary large number of small businesses operate as subcontractors and suppliers to these large companies. This creates employment and income for these small companies. Second, there is the well-known multiplier effect which permeates throughout the whole economy as the income asssociated with exports becomes consumption and investment in other economic sectors.

3. Senator Heinz: The Bank borrowed, lately, approximately $2 billion from the private sector through the Federal Financing Bank, but only one quarter of one percent of total credit raised in U.S. domestic credit markets for 1977-81. Yet, some have accused the Bank of crowding out other business from the financing markets. How much of an influence would borrowings of that magnitude by the Bank have on, say, the level of interest rates? Is there any at all?

   Dr. Rodriguez: The behavior of any one quarter of one percent in a market as deep and broad as the U.S. capital markets must be considered as having an imperceptible impact on measurable variables, such as observed interest rates. However, the Eximbank is just one of the many -- small and large -- Government institutions financed through the Federal Financing Bank and the Treasury. The joint effect of these financings is what accounts for the large role that the Government sector has played in the financial markets during recent years. There is considerable agreement that, at least over the short term, such large borrowings by an interest-insensitive borrower, i.e. the Government, would tend to increase the overall level of interest rates in the country and crowd out the more interest-sensitive private sector.

4. Senator Heinz: In his nomination hearings Charles Lord, the Vice Chairman of the Eximbank Board, stated, for the record, that if the Congress votes higher funding for the Bank than what OMB recommended, "The Eximbank must follow the mandate of Congress and make every effort to use the funds that Congress has provided for the furtherance of U.S. export sales." Mr. Heldridge, currently a member of the Board, stated for the record, that he agreed. Do you agree with that statement by Mr. Lord?

   Dr. Rodriguez: Yes, I do. Once Congress has agreed on a final budget for the Eximbank and the Act has been signed into law by the President, the Directors should make every effort to utilize the funds provided in the financing of projects worthy of Eximbank credit.

5. Senator Heinz: In the past year we have witnessed various responses by the Bank to increases in the minimum interest rates allowed under the OECD Credit Arrangement. In one instance, the minimum rates were raised by negotiations so that they were roughly comparable to the Eximbank's rates, whereupon the Bank immediately raised its rates so that they were no longer competitive. Fortunately, in the most recent case, the Bank responded to changes in the allowable Arrangement rates by even lowering some of its rates, in order to stay within one hundred basis points of the Arrangement levels, although its rates -- particularly with the 2% up-front-fee-- are still in excess of those allowable under the Arrangement. I hope that we will see progress in the next round of negotiations. If we do, let's say, see a further increase in allowable arrangement minima, so that Eximbank rates exactly match the arrangement rates, what interest rate policy should the Bank adopt?

Dr. Rodriguez: I think Eximbank should set its interest rates based on the rates charged by foreign competitor countries as well as the Bank's own cost of money. If the other countries raise their rates to match Eximbank's, that in itself would not warrant any further increase in the Bank's interest rates.

6. Senator Heinz: As a Director of the Eximbank you are appointed by the President, and your nomination is confirmed by the Senate. Your term of office is at the pleasure of the President, under current law. Do you feel that your role is to support policies determined in the White House even though you feel that such policies conflict with the Bank's mandate to provide American exporters with competitive export financing?

Dr. Rodriguez: If the situation arises in which I feel there is a conflict between the Bank's mandate and the President, I will consider it appropriate to advocate the position supported by the Bank's mandate to provide American exporters with competitive export financing. I consider that one of the strengths I bring to this position is the ability to make a persuasive economic case when one exists. The part of the budgetary procedure which involves the interaction between Government agencies and OMB would be the first appropriate forum in which to state such a case as strongly as possible. From my position, after a final budget level is set, I would support policies which would lead to the utilization of those funds for the purposes set forth in the Eximbank Act.